



FY2019-20 OPERATING & CAPITAL BUDGET

CITY COUNCIL MEETING

Keith DeMartini, Finance Director

June 25, 2019



Objective

Hold Public Hearing and Adopt Resolutions

- Approving FY2019-20 Operating and FY2020-24 Capital Improvement Program Budget
- Approving City Appropriations (Gann) Limit for FY2019-20
- Approving the City's Master Fee Schedule for FY2019-20



Agenda

- I. General Fund
Operating Budget
- II. Reserves
- III. Enterprise Funds
- IV. Internal Service Funds
- V. Capital Improvement
Program (CIP)
- VI. Vehicles & Equipment
- VII. Master Fee Schedule
- VIII. Gann Limit
- IX. Alternatives
- X. Request to City
Council
- XI. Questions



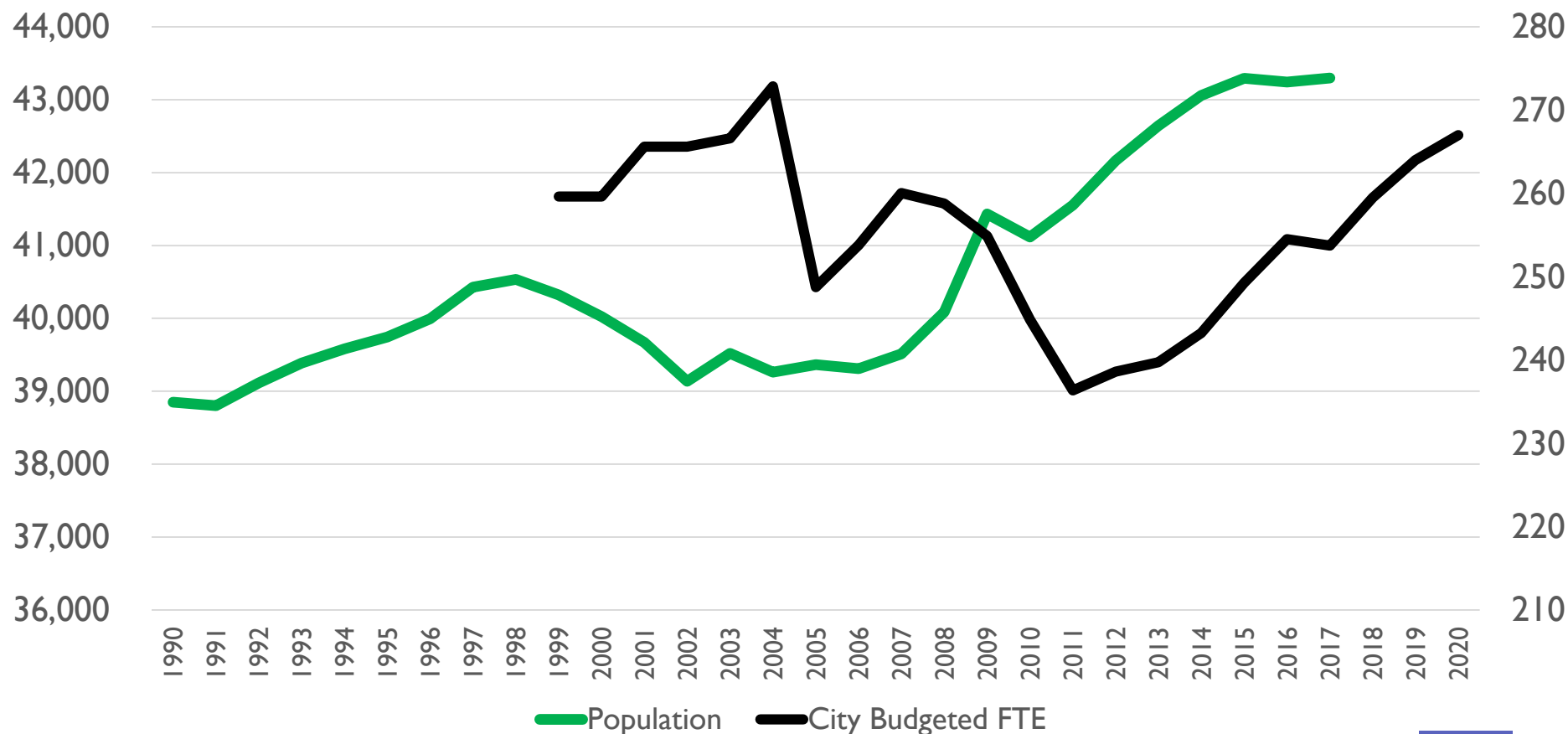
High-level Budget Development Calendar

Date	Major Milestone / Tasks
February 11	CM budget instructions to departments
February 26	Council Study Session: Budget priorities and schedule review with City Council
March-April	Staff Budget Development (<i>various internal dates</i>)
April 9	Council Study Session: Finalize City Council Priority Focus Areas and Strategic Initiatives and Revenue/Expense Projection Update
Week of May 20	Budget & Potential Revenue Measure Community Meetings
May 24	City Manager Recommended Budget Submitted to Council
May 29	Council Study Session/Retreat on Proposed Budget
June 11	Council Study Session on Proposed Budget
June 25	Budget Hearing and Adoption FY2019-20 Operating and CIP Budget



Population & FTE Trend

**San Bruno Population compared to
City Budget Full-Time Equivalent (FTE) Count**
Population Growth from 1999 to 2017 (7.4%)
City Budgeted FTE Reduction from 1999 to 2017 (-2.3%)





FY2019-20 Budget Overview

**\$188M All
Fund Budget**

**\$50M
General Fund
Budget**

**267 FTE
Positions**

**\$92M CIP
Budget**

**123 CIP
Projects**



General Fund Summary

	FY2018-19 Adopted Budget	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$2,172,101	\$2,172,101	\$2,172,101	\$2,445,773
Total Operating Revenues	46,110,332	46,205,055	47,102,037	50,111,247
Total Operating Expenditures	(47,041,436)	(48,290,832)	(46,828,366)	(50,487,625)
Surplus / (Deficit)	(931,103)	(2,085,776)	273,672	(376,377)
Ending Fund Balance	\$1,240,998	\$86,325	\$2,445,773	\$2,069,396



Addressing the Deficit

Budget Deficit Item	FY2019-20 Amount
Operating Deficit – City Manager’s Proposed Budget	(\$376,377)
Additional Enhancement Request for Fire Mitigation	75,000
Revised Operating Deficit	(451,377)
One-Time Expenditures Funded using Available Fund Balance	283,613
Adjusted Operating Deficit	(167,764)
Service Level Reductions	167,764
Revised Operating Deficit	\$0



General Fund Reserves

Reserve Type	Reserve Policy Target	FY2018-19 Estimated Ending Balance	FY2019-20 Revised Proposed Budget Ending Balance
General Fund	\$1,500,000	\$2,445,773	\$2,237,160
General Fund Reserve	25% of annual, budget expenditures	\$12,525,666	\$12,768,488
General Fund Capital Reserve	Goal of \$5,000,000	\$5,809,444	\$5,368,377
Emergency Disaster Fund	Target of \$3,000,000	\$3,198,517	\$3,283,517
Total		\$23,979,400	\$23,489,777

Water Enterprise



	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$18,861,279	\$18,861,279	\$26,882,473
Total Operating Revenues	15,742,594	15,914,914	16,583,260
Total Operating Expenditures	(9,485,874)	(8,268,194)	(10,027,198)
Operating Surplus / (Deficit)	6,256,720	7,646,720	6,556,062
Total CIP, Debt Proceeds, & Equipment	(14,597,654)	374,474	(18,925,813)
Ending Fund Balance	\$10,520,345	\$26,882,473	\$14,512,722



Wastewater Enterprise

	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$15,827,894	\$15,827,894	\$20,691,679
Total Operating Revenues	17,663,327	18,158,355	18,621,632
Total Operating Expenditures	(8,786,493)	(7,893,478)	(9,116,241)
Operating Surplus / (Deficit)	8,876,834	10,264,877	9,505,391
Total CIP, Debt Proceeds, & Equipment	(4,506,511)	(5,401,092)	(14,798,366)
Ending Fund Balance	\$20,198,216	\$20,691,679	\$15,398,704



Stormwater Enterprise

	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$1,819,291	\$1,819,291	\$1,546,482
Total Operating Revenues	688,000	677,308	679,000
Total Operating Expenditures	(1,597,751)	(1,336,300)	(1,222,784)
Operating Surplus / (Deficit)	(909,751)	(658,992)	(543,784)
Total CIP, Debt Proceeds, & Equipment	(406,936)	386,184	(799,446)
Ending Fund Balance	\$502,603	\$1,546,482	\$203,252

Cable Enterprise



	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	(\$14,706,114)	(\$14,706,114)	(\$15,373,065)
Total Operating Revenues	10,926,411	9,845,415	9,907,120
Total Operating Expenditures	(11,048,417)	(9,967,421)	(9,437,608)
Operating Surplus / (Deficit)	(122,006)	(122,006)	469,512
Total CIP, Debt Proceeds, & Equipment	(12,546,608)	(544,944)	(884,984)
Ending Fund Balance	(\$27,374,728)	(\$15,373,065)	(\$15,788,537)



Internal Service Fund Reserves

Reserve Type	Reserve Policy Target	FY2018-19 Ending Balance	FY2019-20 Policy Target	FY2019-20 Revised Ending Balance	Budget Percent of Target
Central Garage	25% of annual, budget expenditures	\$10,261	\$191,749	\$191,749	100%
Building & Facilities	25% of annual, budget expenditures	\$58,192	\$374,489	\$374,489	100%
Technology	25% of annual, budget expenditures	\$213,285	\$245,235	\$245,235	100%
Total		\$281,738	\$811,473	\$811,473	100%

CIP Summary



Fund	Carryover Appropriations	FY2019-20 Funding Request	FY2019-20 Revised Project Funding	Total 5-Year Program
Water	\$26,076,937	\$1,862,706	\$27,939,643	\$57,589,643
Wastewater	27,218,557	7,565,543	34,784,100	77,164,100
Stormwater	799,446	500,000	1,299,446	5,249,446
Cable	10,413,020	(10,003,126)	409,894	1,209,894
Parks & Facilities	17,172,591	3,247,927	20,420,518	67,225,518
Police Department	133,310	390,000	523,310	523,310
Streets	3,412,191	3,329,193	6,741,384	11,023,384
Technology	36,697	105,000	141,697	3,341,697
Total	\$85,262,749	\$6,997,243	\$92,259,992	\$223,326,992



Equipment & Vehicle Requests

Fund	Equipment	Vehicles	FY2019-20 Budget
Cable Fund		\$120,000	\$120,000
General Fund Equipment Reserve	24,250	440,000	446,700
Water & Wastewater Funds		100,000	100,000
Total	\$24,250	\$660,000	\$666,700



Master Fee Schedule

- List of all City fees posted on the website
- City Council receives the schedule annually during the budget process
- Recently updated to include the new development impact fees which took effect on 5/1/19
- No updates to the fee schedule this budget cycle
- Plan to bring back a fee schedule proposal at the conclusion of the user fee study



Gann Limit

- Voter approved initiatives to limit amount of tax-generated revenue
- Based on FY1978-79 budget adjusted each year
 - Cost of living
 - Population growth
- Adjusted FY2019-20 appropriation is well below the limit

Alternatives

- Amend the appropriation amounts contained in the proposed budget at the time of the approval.
- Do not approve proposed budget appropriations effective July 1, 2019.
- ✓ In this case, the City Council can adopt an alternate resolution assuring continued municipal operations.
- ✓ An alternate resolution for this purpose is attached to this report.



Request to City Council

Hold Public Hearing and Adopt Resolutions

- Approving FY2019-20 Operating and FY2020-24 Capital Improvement Program Budget
 - ✓ Additional \$75,000 enhancement for fire mitigation
 - ✓ Service level reductions totaling \$167,764
 - ✓ Additional \$25,000 CIP for Tom Lara Field Grandstand
- Approving City Appropriations (Gann) Limit for FY2019-20
- Approving the City's Master Fee Schedule for FY2019-20



In Closing...

- City's budget is stable but not sustainable – cuts will soon begin to impact service
- Budget in line with City Council priority areas, including enhancement requests
- Strong & steady revenue growth
- Significant backlog of deferred capital maintenance, particularly streets and roads which will become more expensive to repair in the future
- Structural deficit significantly reduced in FY2019-20 budget
- Rising personnel benefit costs
- Expiring collective bargaining agreements
- Cable & Stormwater Enterprise Fund Challenges
- Reserves largely met

Questions

